

AMENDED IN ASSEMBLY JUNE 24, 2015

AMENDED IN SENATE JUNE 2, 2015

AMENDED IN SENATE MAY 6, 2015

AMENDED IN SENATE APRIL 13, 2015

AMENDED IN SENATE APRIL 6, 2015

**SENATE BILL**

**No. 367**

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**Introduced by Senator Wolk**

February 24, 2015

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An act to amend Sections 564, 566, and 568 of, and to add Sections 562 and 569 to, the Food and Agricultural Code, to amend Section 39719 of the Health and Safety Code, and to add Section 75217.5 to the Public Resources Code, relating to agriculture, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 367, as amended, Wolk. Agricultural lands: greenhouse gases.

(1) Existing law, the Cannella Environmental Farming Act of 1995, requires the Department of Food and Agriculture to establish and oversee an environmental farming program to provide incentives to farmers whose practices promote the well-being of ecosystems, air quality, and wildlife and their habitat. The act requires the Secretary of Food and Agriculture to convene a 5-member Scientific Advisory Panel on Environmental Farming for the purpose of providing advice and assistance to federal, state, and local government agencies on issues relating to air, water, and wildlife habitat, as specified. ~~Existing law authorizes the department to assist in compiling scientific evidence identifying the net environmental impacts that agriculture creates for~~

~~the environment and requires the department to serve as depository for that information and provide it to federal, state, and local governments, as needed.~~

This bill *instead* would ~~require~~ *authorize, rather than require*, the environmental farming program to provide ~~low-interest incentives, including loans, grants, research, technical assistance, or educational materials and outreach, or a combination of these things, instead of incentives,~~ to farmers whose practices promote the well-being of ecosystems, air quality, and wildlife and their habitat, and reduce on-farm greenhouse gas emissions or increase carbon storage in agricultural soils and woody biomass, or both. The bill would rename the panel the Environmental Farming *Science* Advisory Panel and revise the panel's membership and duties, as specified. The bill would require the panel to provide a biennial report describing its work to the Legislature and the Governor, among others. ~~The bill would require the State Air Resources Board, in consultation with the panel, to consider and recommend, as appropriate, the use of available tools to demonstrate and quantify greenhouse gas emissions reductions from a specified grant program. The bill would eliminate the authorization for the department to assist in compiling scientific evidence identifying the net environmental impacts that agriculture creates for the environment and the requirement that the department serve as depository for that information to federal, state, and local governments.~~

The bill would provide that \$25,000,000 shall be made available to the department, upon appropriation, from the Greenhouse Gas Reduction Fund to support ~~on-farm~~ projects to demonstrate agricultural management practices and activities that reduce greenhouse gas emissions and increase carbon storage in agricultural soils and woody biomass, as specified. *The bill would require the department, in consultation with the panel, to develop and implement a grant program to carry out the purposes of the act and would require the State Air Resources Board, in consultation with the secretary and the panel, to consider and recommend, as appropriate, the use of available tools to demonstrate and quantify greenhouse gas emissions reductions from the grant program.*

(2) The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for

finances and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund. Existing law continuously appropriates 20% of the annual proceeds of the fund to the Strategic Growth Council for the Affordable Housing and Sustainable Communities Program, as provided.

This bill would require the council, no later than the 2015–16 fiscal year, to establish and administer a grant program, as part of the Sustainable Agricultural Lands Conservation Program established by the council in conjunction with the Affordable Housing and Sustainable Communities Program, to provide financial incentives for the adoption and use of land management practices that reduce greenhouse gas emissions, sequester carbon in soil and woody biomass, and provide other cobenefits on working agricultural operations, as specified.

The bill would continuously appropriate 2% of the annual proceeds of the fund to the Strategic Growth Council to be expended for agricultural land protection consistent with the provisions of that grant program, thereby making an appropriation.

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 562 is added to the Food and Agricultural
- 2     Code, to read:
- 3     562. The Legislature further finds and declares all of the
- 4     following:
- 5         (a) California’s agricultural output is larger and more diverse
- 6     than any state in the United States, providing the majority of the
- 7     country’s fruits, vegetables, nuts, and dairy products.
- 8         (b) Dependent on land and natural resources, California
- 9     agriculture is uniquely vulnerable to climate change, which poses
- 10    a serious threat to California agriculture with rising temperatures,
- 11    increases in extreme weather events, constrained water resources,
- 12    reduced winter chilling hours, and rising sea levels.
- 13         (c) California agriculture also is uniquely positioned to provide
- 14    climate benefits by reducing greenhouse gas emissions. Research
- 15    funded by the State Energy Resources and Conservation
- 16    Development Commission’s Public Interest Energy Research
- 17    (PIER) program finds that some agricultural practices will not only

1 reduce greenhouse gas emissions, but they also may help to store  
2 carbon in soils and trees. Carbon storage is an important strategy  
3 to help meet the state’s greenhouse gas emissions targets.

4 (d) Steps taken by those working in California agriculture to  
5 reduce greenhouse gas emissions and sequester atmospheric carbon  
6 can provide other important environmental cobenefits, such as  
7 improved air and water quality, water conservation, enhanced  
8 wildlife habitat, and healthier rural communities.

9 (e) It is, therefore, the intent of the Legislature to enhance the  
10 long-term viability of California agriculture by supporting activities  
11 that reduce climate change impacts that may negatively impact it  
12 and the rest of the state.

13 (f) It is further the intent of the Legislature that the department,  
14 pursuant to this article, support the state’s agricultural sector in  
15 pursuing on-farm practices and activities that reduce greenhouse  
16 gas emissions and increase carbon storage in agricultural soils and  
17 woody biomass.

18 SEC. 2. Section 564 of the Food and Agricultural Code is  
19 amended to read:

20 564. Unless the context otherwise requires, the following  
21 definitions govern the construction of this article:

22 (a) “Agricultural activities” means those activities that generate  
23 products as specified in Section 54004.

24 (b) “Department” means the Department of Food and  
25 Agriculture.

26 (c) “Fund” means the Greenhouse Gas Reduction Fund, created  
27 pursuant to Section 16428.8 of the Government Code.

28 (e)

29 (d) “Panel” means the Environmental Farming Science Advisory  
30 Panel.

31 (d)

32 (e) “Secretary” means the Secretary of Food and Agriculture.

33 SEC. 3. Section 566 of the Food and Agricultural Code is  
34 amended to read:

35 566. (a) (1) The department shall establish and oversee an  
36 environmental farming program. The program ~~shall~~ may provide  
37 ~~low-interest incentives, including, but not limited to,~~ loans, grants,  
38 research, technical assistance, or educational materials and  
39 outreach, ~~or a combination of these things~~ to farmers whose  
40 practices promote the well-being of ecosystems, air quality, and

1 wildlife and their habitat and reduce on-farm greenhouse gas  
2 emissions or increase carbon storage in agricultural soils and  
3 woody biomass, or both.

4 (2) The department may provide support through the program  
5 that may include, but need not be limited to, permit assistance and  
6 coordination and the funding of on-farm demonstration projects  
7 in furtherance of the goals of the program.

8 *(b) (1) The department may assist in the compilation of*  
9 *scientific evidence from public and private sources, including the*  
10 *scientific community, industry, conservation organizations, and*  
11 *federal, state, and local agencies identifying the net environmental*  
12 *impacts and benefits that agriculture creates for the environment.*

13 *(2) The department shall serve as the depository of the scientific*  
14 *evidence compiled pursuant to this subdivision and provide it to*  
15 *federal, state, and local agencies as needed.*

16 ~~(b)~~

17 (c) The department shall conduct the activities specified in this  
18 article with existing resources, to the extent they are available.

19 SEC. 4. Section 568 of the Food and Agricultural Code is  
20 amended to read:

21 568. (a) The secretary shall convene an Environmental Farming  
22 Science Advisory Panel to advise the secretary on the  
23 implementation of an environmental farming program, established  
24 pursuant to Section 566, and assist federal, state, and local  
25 government agencies, as appropriate or necessary, on issues relating  
26 to the impact of agricultural practices on air, water, climate change,  
27 and wildlife habitat.

28 (b) (1) The panel shall consist of the following members:

29 (A) Two members appointed by the Secretary for Environmental  
30 Protection. One of these members shall have expertise in climate  
31 change and its impacts on California agriculture, and the other  
32 member shall have expertise in greenhouse gas emissions reduction  
33 practices related to agriculture.

34 (B) Two members appointed by the Secretary of the Natural  
35 Resources Agency. One of these members shall be affiliated with  
36 the California Association of Resource Conservation Districts.  
37 *The other member shall be engaged in the conduct of scientific*  
38 *research related to environmentally sustainable agriculture.*

39 (C) ~~Four~~ Five members appointed by the secretary, according  
40 to the following:

1 (i) Three members who are agricultural producers in the state  
2 with at least five years of training and experience in the field of  
3 agriculture. At least one of these members shall be registered as a  
4 producer pursuant to the California Organic Products Act of 2003  
5 (Chapter 10 (commencing with Section 46000) of Division 17).

6 (ii) One member who is affiliated with the University of  
7 California Cooperative Extension.

8 (iii) *One member who is engaged in the conduct of scientific*  
9 *research related to environmentally sustainable agriculture.*

10 (2) The secretary may appoint ~~other members~~ *nonvoting advisers*  
11 to the panel after consulting with the panel.

12 (3) The secretary shall designate the member who is to serve  
13 as the chair of the panel.

14 (4) Members of the panel shall be highly qualified and  
15 professionally active with at least five years of experience in their  
16 chosen field, ~~and two of the members shall be engaged in the~~  
17 ~~conduct of scientific research related to environmentally sustainable~~  
18 ~~agriculture.~~ *field.*

19 (5) Of the members first appointed to the panel, four shall serve  
20 for a term of two years and ~~four~~ *five* shall serve for a term of three  
21 years, as determined by lot. Thereafter, members shall be appointed  
22 for a term of three years.

23 (c) The panel, at a minimum and as necessary, shall do all of  
24 the following:

25 (1) (A) Review data on the impact that agriculture has on the  
26 environment and recommend to the secretary and other appropriate  
27 state agencies ~~the best available science on the environmental~~  
28 ~~impacts of agriculture, as well as practices and policies based on~~  
29 ~~that information to advance the goals of this article.~~ *data that the*  
30 *panel determines is scientifically valid.*

31 (B) *A state agency that receives data recommended by the panel*  
32 *may adopt and incorporate the data into the appropriate program.*

33 (C) *If a state agency does not utilize the data recommended by*  
34 *the panel, the state agency shall provide the panel with a written*  
35 *statement of reasons for not doing so. The reasons shall specify,*  
36 *at a minimum, the scientific basis for not utilizing the data. The*  
37 *reasons shall be provided within 180 days of receiving the data.*

38 (2) Compile the net environmental impacts of agriculture on  
39 the environment, identified pursuant to paragraph (1), for use by  
40 the department, other relevant state agencies, and the public.

1 (3) Research, review, and comment on data upon which  
2 proposed environmental policies and regulatory programs are based  
3 to ensure that the environmental impacts of agricultural activities  
4 are accurately portrayed and to identify incentives that may be  
5 provided to encourage agricultural practices with environmental  
6 benefits.

7 (4) Assist government agencies to incorporate benefits identified  
8 pursuant to paragraph (1) into environmental regulatory programs.

9 (5) Review and advise the secretary and the State Board of Food  
10 and Agriculture on existing and proposed programs and projects  
11 that provide technical, educational, and financial assistance,  
12 including, but not limited to, competitive grants to agricultural  
13 producers that will result in multiple environmental and health  
14 benefits, including, but not limited to, reduced greenhouse gas  
15 emissions, increased carbon storage in soils and woody biomass,  
16 improved air and water quality, enhanced wildlife habitat, and  
17 improved local health outcomes.

18 (d) The State Air Resources Board, in consultation with *the*  
19 *secretary and* the panel, shall consider, and recommend, as  
20 appropriate, in the guidance developed pursuant to subdivision (b)  
21 of Section 16428.9 of the Government Code, the use of available  
22 tools to demonstrate and quantify greenhouse gas emissions  
23 reductions from the grant program established pursuant to  
24 subdivision (b) of Section 569, including, but not limited to, the  
25 Natural Resources Conservation Service's National Conservation  
26 Practice Standards and COMET-Farm and other quantification  
27 ~~tools submitted by, among others, state agricultural commodity~~  
28 ~~groups and academic institutions.~~ *tools.*

29 (e) The panel may establish ad hoc committees, which may  
30 include professionals or scientists, to assist it in performing its  
31 functions.

32 (f) (1) The panel shall submit a biennial report to the  
33 Legislature, the Governor, the agencies represented on the panel,  
34 and the State Board of Food and Agriculture that includes all of  
35 the following:

36 (A) A description of the work conducted by the panel during  
37 the prior two-year period.

38 (B) The panel's action plan for the next two years, including  
39 goals and performance measures.

(2) The first report shall be submitted two years after the panel's first meeting or January 1, 2019, whichever occurs first.

(3) A report to be submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

(g) The panel shall be created and maintained with funds made available from existing resources within the department to the extent they are available.

SEC. 5. Section 569 is added to the Food and Agricultural Code, to read:

569. (a) The sum of twenty-five million dollars (\$25,000,000) shall be available, upon appropriation by the Legislature, from the ~~Greenhouse Gas Reduction Fund, created pursuant to Section 16428.8 of the Government Code,~~ *fund* to the department to support ~~on-farm~~ projects to demonstrate agricultural management practices and activities that reduce greenhouse gas emissions and increase carbon storage in agricultural soils and woody biomass, including, but not limited to, all of the following:

(1) Soil-building and carbon-sequestration practices, including the increased use of compost and biochar, cover crops, and low- and no-till practices.

(2) Irrigation efficiency and water conservation measures, including soil-moisture monitoring, irrigation scheduling, high-efficiency water delivery technologies, dry farming, and on-farm water catchment.

~~(3) On-farm alternative-energy production and energy efficiency, including on-farm bioenergy production from agricultural waste and improved on-farm operational efficiencies.~~

*(3) Alternative-energy production and energy efficiency, including energy produced from agricultural waste from a farm or at a processing facility located in the state, and improved on-farm operational efficiencies.*

(4) Wildlife habitat conservation, including hedgerow planting, native grass planting and restoration, agroforestry, and managed grazing for enhanced habitat.

(b) The department, in consultation with the ~~Environmental Farming Advisory Panel established pursuant to Section 568,~~ *panel*, shall develop and implement a grant program to carry out the purposes of this article.



1 (c) The secretary and the Secretary of the Natural Resources  
2 Agency shall enter into a memorandum of agreement among the  
3 department, the Department of Conservation, and other relevant  
4 state agencies to ensure the greatest possible coordination and  
5 collaboration in implementing the programs and projects funded  
6 pursuant to this section.

7 SEC. 6. Section 39719 of the Health and Safety Code is  
8 amended to read:

9 39719. (a) The Legislature shall appropriate the annual  
10 proceeds of the fund for the purpose of reducing greenhouse gas  
11 emissions in this state in accordance with the requirements of  
12 Section 39712.

13 (b) To carry out a portion of the requirements of subdivision  
14 (a), annual proceeds are continuously appropriated for the  
15 following:

16 (1) Beginning in the 2015–16 fiscal year, and notwithstanding  
17 Section 13340 of the Government Code, 35 percent of annual  
18 proceeds are continuously appropriated, without regard to fiscal  
19 years, for transit, affordable housing, and sustainable communities  
20 programs as follows:

21 (A) Ten percent of the annual proceeds of the fund is hereby  
22 continuously appropriated to the Transportation Agency for the  
23 Transit and Intercity Rail Capital Program created by Part 2  
24 (commencing with Section 75220) of Division 44 of the Public  
25 Resources Code.

26 (B) Five percent of the annual proceeds of the fund is hereby  
27 continuously appropriated to the Low Carbon Transit Operations  
28 Program created by Part 3 (commencing with Section 75230) of  
29 Division 44 of the Public Resources Code. Moneys shall be  
30 allocated by the Controller, according to requirements of the  
31 program, and pursuant to the distribution formula in subdivision  
32 (b) or (c) of Section 99312 of, and Sections 99313 and 99314 of,  
33 the Public Utilities Code.

34 (C) Twenty percent of the annual proceeds of the fund is hereby  
35 continuously appropriated to the Strategic Growth Council for the  
36 Affordable Housing and Sustainable Communities Program created  
37 by Part 1 (commencing with Section 75200) of Division 44 of the  
38 Public Resources Code. Of the amount appropriated in this  
39 subparagraph, no less than 10 percent of the annual proceeds of  
40 the fund shall be expended for affordable housing, consistent with

1 the provisions of that program and no less than two percent of the  
2 annual proceeds of the fund shall be expended for agricultural land  
3 protection consistent with Section 75217.5 of the Public Resources  
4 Code.

5 (2) Beginning in the 2015–16 fiscal year, notwithstanding  
6 Section 13340 of the Government Code, 25 percent of the annual  
7 proceeds of the fund is hereby continuously appropriated to the  
8 High-Speed Rail Authority for the following components of the  
9 initial operating segment and Phase I Blended System as described  
10 in the 2012 business plan adopted pursuant to Section 185033 of  
11 the Public Utilities Code:

12 (A) Acquisition and construction costs of the project.

13 (B) Environmental review and design costs of the project.

14 (C) Other capital costs of the project.

15 (D) Repayment of any loans made to the authority to fund the  
16 project.

17 (c) In determining the amount of annual proceeds of the fund  
18 for purposes of the calculation in subdivision (b), the moneys  
19 subject to Section 39719.1 shall not be included.

20 SEC. 7. Section 75217.5 is added to the Public Resources Code,  
21 to read:

22 75217.5. (a) The Legislature finds and declares all of the  
23 following:

24 (1) It is in the interest of the state to provide incentives for the  
25 use of agricultural land management practices that will reduce  
26 greenhouse gas emissions, sequester carbon in soils and woody  
27 biomass, and provide other cobenefits on working agricultural  
28 operations.

29 (2) The council's Sustainable Agricultural Lands Conservation  
30 Program, established pursuant to this chapter, has three elements,  
31 including financial incentives for the adoption and use of land  
32 management practices that achieve these goals.

33 (3) The 2014 program guidelines establish grant programs for  
34 the 2014–15 fiscal year to promote agricultural lands strategic  
35 planning and agricultural land conservation easements, but the  
36 guidelines do not establish a grant program to provide incentives  
37 for agricultural land management practices.

38 (b) (1) The council, no later than the 2015–16 fiscal year, shall  
39 establish and administer a grant program, as part of the Sustainable  
40 Agricultural Lands Conservation Program, to provide financial

1 incentives for the adoption and use of land management practices  
2 that reduce greenhouse gas emissions, sequester carbon in soil and  
3 woody biomass, and provide other cobenefits on working  
4 agricultural operations. The council shall consult with the  
5 Department of Food and Agriculture and the Environmental  
6 Farming Advisory Panel, established pursuant to Section 568 of  
7 the Food and Agricultural Code, when developing the grant  
8 program and guidelines.

9 (2) The council, as part of the grant program established  
10 pursuant to this subdivision, shall give priority to working  
11 agricultural operations that adopt land management practices that  
12 achieve the goals described in paragraph (1).

O